



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 28, 2007

H.R. 2868

A bill to eliminate the exemption from state regulation for certain securities designated by national securities exchanges

*As ordered reported by the House Committee on Financial Services
on September 18, 2007*

H.R. 2868 would authorize the Securities and Exchange Commission (SEC) to permit certain stock exchanges to designate a new tier of securities that could be listed. Companies listing such securities would be subject to state registration requirements; under current law, securities listed on those exchanges are exempt from state regulation. While the SEC would be required to write regulations that would guide the exchanges in developing the new tiers, CBO expects that the securities listed would be for small, less-capitalized companies that do not meet the current listing standards.

Based on information from the SEC, CBO estimates that implementing H.R. 2868 would have an insignificant effect on the federal budget. SEC would be required to develop and enforce regulations related to a new listing tier, but CBO expects that such activities would not significantly increase SEC's workload or its costs. Enacting the bill would not affect direct spending or revenues.

H.R. 2868 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Susan Willie. This estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.